

LEISURE COMPLEX AND BUS STATION PROGRAMME BOARD

Tuesday 30 October 2018

Present:-

Councillor Bialyk (Chair)
Councillors Edwards, Pearson, Prowse, Sutton and Wardle

Apologies:-

Councillor Mrs Henson

Also Present:-

Chief Executive & Growth Director, Director (JY), City Surveyor, Communications and Marketing Lead and Democratic Services Officer (SLS)

Justin Pickford - Baker Ruff, Hannon

In attendance:-

Councillor Mrs Thompson – Member Speaking Under Standing Order 44

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MINUTES

The Minutes of the meeting held on 5 March 2018 were approved, taken as read, and signed by the Chair as correct.

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DECLARATIONS OF INTEREST

No declarations of pecuniary interest were made.

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ST SIDWELL'S POINT LEISURE CENTRE OPERATOR FORECAST BUSINESS PLAN AND PROCUREMENT

Councillor Mrs Thompson attended the meeting and spoke under Standing Order 44 on this matter.

The Director (JY) presented a report which sought final approval for the Business Plan for the operation of the new leisure complex, St Sidwell's Point and to seek approval for the proposed procurement route for securing a new operator.

Councillor Mrs Thompson referred to the recommendation in the report and sought an explanation of the pre-tender activity and date which was anticipated to be April 2019. The Chair, thanked Councillor Mrs Thompson for raising this matter and explained that the recommendation would be amended to provide more clarity. He advised that the phrase "pre-tender activity" would be removed altogether, as it was the procurement process itself that would commence in April 2019. The pre-tender activity would need to commence immediately, as this included work such as market engagement and consultation, preparation of tender documentation such as the Official Journal of the European Tender (OJEU) notice, an evaluation criteria, specification, and contract documentation. He added that the procurement process would need to commence in April 2019, in order, that the preferred bidder could be

secured by May 2020, to allow time for a formal contract award, building handover, mobilisation and fit out for the contract to commence in December 2020.

The Director responded to a request by Councillor Mrs Thompson for further information on the link to the procurement of all of the Council's built leisure facilities and confirmed that further details of this would be included in the presentation.

The Director provided a high level summary of the Business Plan for St Sidwell's Point and the procurement process. The circulated report provided Members with the detail of the pre-tender activity. The report included a recommendation which sought Executive approval for the way forward with a procurement time line of April 2019 to ensure that a new operator for the City Council's leisure estate could be identified by 2020. It was also important to acknowledge the relationship between procurement of the operation of St Sidwell's Point, and the wider leisure built facilities which included the Riverside Swimming Pool and Leisure Centre, Exeter Arena and Isca Centre, Wonford Sport Centre and Northbrook Pool and Golf Course.

The Business Plan is based on the facility mix previously agreed by Members and specification and wider design included:-

- Main Pool (25m)
- Learner Pool
- Multi-purpose Room/Crèche
- Gym (140 stations)
- 2 x Group Exercise Studios
- Spa – Sauna/Saunarium, salt vaporium, relaxation room, manicure/pedicure station and 4 x treatment rooms
- Small soft play area
- Café

The Director set out the priorities identified by Members which included how the Centre should operate, the membership options, desired opening times, staffing model, health and safety standards and parking arrangements all of which would be negotiated with any potential operator. The key assumptions were presented, based on 2018/19 prices along with the inclusion of a competitive procurement process. The Director explained that the forecast Business Plan had now taken account of a number of assumptions not available when the original plan was identified, including the aspiration for free swimming of younger children of Exeter residents, and increases in the national living wage. Ultimately the Business Plan will also be further influenced by market trends by the time a final agreement is reached with the operator. Members should be assured that the Plan now offered a greater rigour in relation to industry standards and benchmarks. St Sidwell's Point is now expected to attract a more conservative, but significant final financial position, and the 25 year surplus revenue makes allowance for the lifecycle costs (repair and replacements) of the facility. It would generate income for the Council in excess of the borrowing requirement for the approved funding.

Justin Pickford was able to offer an explanation to a Member who sought further information relating to the cost figures for the build. He explained that the figure was an interpretation of the costs for lifecycle costing purposes. The Chair also provided an explanation in relating to the car parking funding arrangements for users of St Sidwell's Point. The Director agreed to recirculate a copy of the spread sheet Figure 4 – Age Structure of Exeter, as not all of the figures were visible in the report.

The presentation included an overview of the proposed procurement process, which included a mapping of the range of operators across the locality. *(A copy of the presentation is attached to the minutes)*. The Director stated that there was an interesting and competitive market place and the Council needs to be clear on the scope of the offer to ensure the appointment of a reputable and quality operator, capable of running the first Passivehaus leisure centre in the country as well as developing existing sites across the Council's city wide leisure estate into sustainable modern facilities.

The Business Plan contains a risk analysis, development framework and expected key outcomes and key performance indicators which will enable any prospective operators to indicate how they would deliver and also engage in the Sports England Delivery Pilot process. It was important to find an operator who would have a clear and robust plan and manage and deliver the following services across the whole portfolio:-

- Sports and physical activity development
- Health and wellbeing
- Community outreach and in reach
- Ground and building maintenance

The procurement options were outlined along with the two staged overall methodology including market engagement, to formulate a procurement strategy, the pre-tender activity, procurement activity and the contract award.

For clarity, the key milestones for the procurement approach (Competitive Dialogue Procedure) for the operator were set out:-

- OJEU & Selection April – June 2019
- Outline Solutions - July to August 2019
- Detailed Solutions September – November 2019
- Evaluation and Shortlisting December 2019
- Dialogue Stage January – February 2020
- Final Tender Stage March - May 2020
- Preferred Bidder Identified - June 2020
- Council Approval - July 2020
- Contract Award & Mobilisation September – December 2020

The Director responded to Councillor Mrs Thompson's question in relation to the timeline and OJEU process, and confirmed that the leisure operator would operate the multi sites for a period of 15 years. The Council will comply within the current requirements of the OJEU process.

The Chair thanked officers for compiling the detailed report and he extended an invitation for any Member to take up the opportunity to raise further questions as required.

RESOLVED that the report be noted.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 EXCLUSION
OF PRESS AND PUBLIC**

RESOLVED that, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the consideration of the following

item on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part I, Schedule 12A of the Act.

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ST SIDWELL'S POINT LEISURE CENTRE OPERATOR FORECAST BUSINESS PLAN AND PROCUREMENT

The Director (JY) sought authority for Members for approval to enter into a competitive Dialogue Procedure for the procurement of the operator of the St Sidwell's Point Leisure Centre. The presentation included more commercially sensitive information.

A Member sought further clarification on a number of assumptions set out in the Business Plan. The Director responded and stated that the Plan included a rigorous and realistic approach to the assumptions set out. Members welcomed the more conservative approach to the surplus estimates with the opportunity to over achieve rather than be too ambitious at the outset.

In response to a comment by a Member requesting assurance on the quality of the Business Plan, the Chief Executive & Growth Director reminded Members that senior officers and expert consultants had produced a robust and updated plan based on Members' priorities and assumptions using benchmarked methodologies.

RESOLVED that the Leisure Complex and Bus Station Programme Board noted the following:-

- a) forecast Business Plan for the operation of the new leisure complex, St Sidwell's Point, and
- b) the link to the procurement for the single operator for all built leisure facilities, and

approved the commencement a Competitive Dialogue Procedure for the procurement of the operator for the St Sidwell's Point Leisure Complex with a specification based on the forecast Business Plan.

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DATE OF NEXT MEETING

The date of the next meeting of the Leisure Complex and Bus Station Programme Board will be held on 27 November 2018.

(The meeting commenced at 5.30 pm and closed at 7.10 pm)

Chair